A

PROJECT REPORT

ON

"TO STUDY OF WORKING CAPITAL MANAGEMENT"

FOR

TOYOTA MOTORS PVT. LTD.

BY

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SUBMITTED TO

SAVITRIBAI PHULE PUNE UNIVERSITY

IN PARTIAL FULFILLMENT OF MASTER IN BUSINESS ADMINISTRATION

MES IMCC COLLEGE

PUNE

ACKNOWLEDGEMENT

It's a great pleasure to me in acknowledging my deep sense of gratitude to all those who have helped me in completing this project successfully. First of all I would like to thank **Savitribai Phule Pune** University for providing me an opportunity to undertake a project as a partial fulfillment of **MBA Degree**. Special thanks to all those all people who guided me and provide the knowledge about their business marketing.

I would like to thank our **Professor DR.GIRISH BODHANKAR** whose valuable and encouragement at every phase of the project has helped me to prepare this project successfully.

Sincerely

Place: Pune PAYAL CHAVHAN

Date: MBA[Finance]

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION OF THE PROJECT

It is customary that under course of MBA degree, a student has to undergo different training programs so as to establish himself capable of managing at the place of his work after the completion of this degree .Thus project work is a unique way of studying an organization.

The main purpose of assigning this task of project report is to keep new practical knowledge, establishing relations with different persons outside the organization and to obtain first hand and factual information

I have been assigned the project work on the topic of "Working Capital Management" in TOYOTA YM MOTORS PVT. LTD. The various information regarding "Working Capital Management" such as classification,determinants, sources have been discussed relating to TOYOTA YM MOTORS PVT. LTD. A statement of changes in working capital has been analyzed.

The project provides the opportunity to understand the working capital requirement has also been analyzed.The project provides the opportunity to understand the working capital requirement for a "TOYOTA PVT. LTD."

TOYOTA YM MOTORS Vision:

"To remain successful,respected and well recognized Company in desing industry,growing continuously by striving to create and sustain leading market position,being ethical and responsible for delivery of products to the society,while building excellent business legacy"

1.2 SIGNIFICANCE OF THE PROJECT

Financial Analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing relationships between the items of the balance sheet and the profit & loss account. Financial analysis can be undertaken by management of the firm, viz. Owners, creditors, investors and others. Ratio analysis is a powerful tool of financial analysis. A **ratio** is defined as “the indicated quotient of two mathematical expressions” and as “the relationship between two or more things.”

Ratios help to summarise large quantities of financial data and to make qualitative judgement about the firms’s financial performance. WORKING CAPITAL MANAGEMENT deals with the management of current assets. The management of current assets is similar to that of fixed assets in the sense that in both cases firm analyses their effect on their return and risk profile. The management of fixed assets and current assets, however, differ in three aspects. First, in managing fixed assets, time is a very important factor; consequently, discounting and compounding techniques play a significant role in capital budgeting. Second, the large holding of current assets, especially cash, strengthens the firm's liquidity position (and reduces risk).

Third, levels of fixed as well as current assets depend upon expected sales, but it is only current assets that can be adjusted with sales fluctuations in the short run.

Thus with such importance attached, a due diligence should be given to proper management of the working capital.

COMPANY PROFILE

2.1 INTRODUCTION

The project undertaken is on "WORKING CAPITAL MANAGEMENT IN TOYOTA YM MOTORS PVT LTD."

It describes about how the company manages its working capital and the various steps that are required in the management of working capital.
Cash is the lifeline of a company. If this lifeline deteriorates, so does the company's ability to fund operations, reinvest and meet capital requirements and payments.

Understanding a company's cash flow health is essential to making investment decisions. A good way to judge a company's cash flow prospects is to look at its working capital management (WCM).

Working capital refers to the cash a business requires for day-to-day operations or, more specifically, for financing the conversion of raw materials into finished goods, which the company sells for payment. Among the most important items of working capital are levels of inventory, accounts receivable, and accounts payable. . Analysts look at these items for signs of a company's efficiency and financial strength.

The working capital is an important yardstick to measure the company's operational and financial efficiency. Any company should have a right amount of cash and lines of credit for its business needs at all times.

Various sectors are available with us through which we can understand the CS and its implementation .The sector chosen by me for this project is AUTOMOBILE Sector .We all know that the automotive sector is one of the INDIA'S biggest sectors and is growing rapidly. Hence studying its capital structure is quite interesting and useful as a financial management student. Again the automobile sector is divided into various sub-sector units like the 2-wheeler, 4-wheeler, 3-wheeler and so. The sub-sector on which this project is based is 4 – wheeler and the company chosen by me is **YM MOTORS PVT. LTD.** Automobile industry is one of the leading industries not only in India but all around the world.

The world standing for the Indian automobile sector, as per the Confederation of the Indian industry is as follows:

- Largest three-wheeler market
- Second largest two-wheeler market
- Tenth largest passenger car market
- Fourth largest tractor market
- Fifth largest commercial vehicle market
- Fifth largest bus and truck segment

2.1.1 Major players:

List of Top 5 Automobile Companies in India:

- Tata Motors Ltd.
- Mahindra & Mahindra Ltd.
- Maruti Suzuki India Ltd.
- Hero MotoCorp Ltd..
- Bajaj Auto Ltd

2.1.2 Growth trend:

Employment Trends

The Automotive Mission Plan for the period of 2006-2018aims to make India emerge as a global automative hub. The idea is to make India as the destination choice for design and manufacture of automobiles and auto components, with outputs soaring to reach US$ 145 billion which is basically accounting for more than 10% of the GDP. This would also provide further employment to over 25 million people by 2018 making the automobile the sunrise sector of the economy.

This project describes how the management of working capital takes place at TOYOTA MOTORS.

2.2 COMPANY PROFILE

2.2.1 The Vision

To be amongst the most admired and most trusted integrated utility companies in the world, for the manufacture and sales of Toyota Cars in India, delivering reliable and quality products and services to all customers at competitive costs, with Inter-national standards of customer care – thereby creating superior value for all stakeholders.

—To set new benchmarks in standards of corporate performance and governance through the pursuit of operational and financial excellence, responsible citizenship, and profitable growth.”

2.2.2 The Mission – Excellence in Infrastructure

1. To attain global best practices and become a world-class utility.
2. To provide uninterrupted, affordable, quality, reliable and clean power to millions of customers.
3. To achieve excellence in service, quality, reliability, safety and customer care.
4. To earn the trust and confidence of all customers and stakeholders and by exceeding their expectations make the company a respected household name.
5. To work with vigor, dedication and innovation, towards achieving the ultimate goal of total customer satisfaction.
6. To consistently achieve high growth with the highest levels of productivity.
7. To be a technology driven, efficient and financially sound organization.
8. To be a responsible corporate citizen, nurturing human values and concern for society, the environment and above all, people.
9. To contribute towards community development and nation building.
10. To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
11. To encourage ideas, talent and value systems.

12. To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

2.2.3 Statement of Values

Toyota Motors believes that any business conduct can be ethical only when it rests on the nine core values of Honesty, Integrity, Respect, Fairness, Purposefulness, Trust, Responsibility, Citizenship and Caring. These values are not to be lost sight of by anyone at TOYOTA YM MOTORS PVT LTD. Under any circumstances irrespective of the goals that are intended to be achieved. To them, means are as important as the ends.

PRODUCT PROFILE

YM motors offer its customers products for opening,closing and starting of vehicles. Mechatronic products are networked among themselves and combined into systems that are integrated as subsystems in the vehicle architecture.

Below is the list of various products manufactured by YM motors along with its picture

1. <u>Car Access Authorization Systems</u>

2. Driver Authorisation Systems

3. Passive Entry Systems

4. Telematic System

Hence, above mentioned are the few products produced and sold by YM Motors Pvt. Ltd.

CHAPTER 2
LITRATURE REVIEW

2.1LITERATURE REVIEW

1. Smith Keith V. (1973) believes that Research which concerns shorter range or working capital decision making would appear to have been less productive. The inability of financial managers to plan and control properly the current assets and current liabilities of their respective firms has been the probable cause of business failure in recent years. Current assets collectively represent the single largest investment for many firms, while current liabilities account for a major part of total financing in many instances. This paper covers eight distinct approaches to working capital management. The first three - aggregate guidelines, constraints set and cost balancing are partial models; two other approaches - probability models and portfolio theory, emphasize future 94 uncertainty and interdepencies while the remaining three approaches - mathematical programming, multiple goals and financial simulation have a wider systematic focus.

2. Rao K.V. and Rao Chinta (1991) observe the strong and weak points of conventional techniques of working capital analysis. The result has been obviously mixed while some of the conventional techniques which could comprehend the working capital behavior well; others failed in doing the job properly. The authors have attempted to evaluate the efficiency of working capital management with the help of conventional techniques i.e., ratio analysis. The article concludes prodding future scholars to search for a comprehensive and decisive yardstick in evaluating the working capital efficiency.

3. Hossain Saiyed Zabid and Akon Md. Habibur Rahman (1997) emphasise the basic objective of working capital management i.e., to arrange the needed working capital funds at the right time, at right cost and from right source with a view to achieving a trade-off between liquidity and profitability. The analysis reveals that BTMC had followed an aggressive working capital financing policy taking the risk of liquidity. There was uninterrupted increasing trend in negative net working capital throughout the period of the study which suggested that BTMC had exploited the entire short-term sources available to it without considering the actual needs.

4. Ahmed Habib (1998) points out that when the interest rate is included; money loses its predictive power on output. The study explicates this finding by using a rational expectations model where production decisions of firm required debt finance working capital. Working capital is an important factor and its cost, the rate of interest, affects the supply of goods by firms. Monetary policy shocks, thus, affect the interest rate and the supply side, and as a result price and output produced by firms. The model indicates that this

can cause the predictive power of monetary shocks on output to diminish when the interest rate is used in 97 empirical analysis. The model also alludes to the effects of monetary policy on the price level through the supply side (cost push) factors

5. Garg Pawan Kumar (1999) focuses on the study of working capital trend and liquidity analysis in the selected public sector enterprises of Haryana. The study suggests forecasting of working capital requirement confined mainly to various components of working capital. After considering the facts the author realized the need for proper assessment and forecasting of working capital in the public sector undertaking. For this purpose, he has suggested the analysis of production schedule, sales trend, labour cost etc., should be taken into consideration. He further suggested the need for better management of components of working capital.

6. Batra G. S. and Sharma A. K. (1999) analyze the working capital position of Goetze (I) Ltd. with the help of various ratios. They are of the view that the working capital position in the company is quite satisfactory although they have suggested a few measures for further improvement in management of working capital, like necessity of greater attention in the inventory control; active sales department, speedy dispatch of orders and reduction of dependency on trade creditors.

7. Rao Govinda D. and Rao P. M. (1999) believes that management of working capital is a continuous process requiring proper monitoring and studying of the relationship of all variables with constant, and drawing inferences. This provides proper direction to the managers.

8. Jain P. K. and Yadav Surendra S. (2001) study the corporate practices related to management of working capital in India, Singapore and Thailand. In this paper the authors have tried to understand the working capital management and current assets and current liabilities, and their inter-relationship. Further the authors have shown an aggregative analysis of current assets and current liabilities in terms of major liquidity ratios. It also states working capital position in terms of these ratios pertaining to various industries. From the paper one can infer that the available data in respect of the sample companies from the three countries confirm the wide inter-

industry variations in liquidity ratios. Towards the end, the authors suggest that serious consideration needs to be given by the respective governments as well as industry groups in these three countries in order to take corrective measures to take care of and rectify the areas of concern

9. Sarawat B. P. and Agrawal R. S. (2004) have tried to evaluate working capital position of Nepal cement industry.

The study has the following major objectives:

1. To find the trend and tendency of working capital
2. To analyse and evaluate working capital management
3. To suggest an effective way for management of working capital.

The study attributes the losses or low level of profits of the public enterprises in Nepal to ineffective and inefficient utilization of working capital. The failure of an enterprise is due to shortage of working capital.

CHAPTER 3
RESEARCH METHODOLOGY

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3.1RESEARCH METHODOLOGY

A Research is a careful investigation or inquiry; especially through search for new facts in any branch of knowledge .It is a systemized effort to gain more knowledge Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. It is necessary for the researcher to know not only the research methods or technique but also the methodology. Researcher always needs to understand the assumption underline various technique and they need to know the criteria by which they can decide that certain technique and procedures will be applicable to certain problems and other will not.

3.2SOURCES OF DATA

Introduction:
This report is based on secondary data. All the data required for this analytical study has been obtained mainly from secondary sources. The secondary data has been collected through various journals & websites. Secondary data is based on information gleaned from studies previously performed by various journals.

3.3Research is divided in to two parts-

1. Research methods-
2. Collection of data-

3.4Collection of data-

1. Primary Data-

Since the study requires a systematic gathering of information, a survey research (using a structured questionnaire) was selected.

The following sources have been sought for the prep of this report:

2.Secondary data

Secondary sources like previous years annual reports, reports on working capital for research, analysis and comparison of the data gathered.While doing this project, the data relating to working capital, cash management, receivables management, inventory management and short term financing was required.This data was gathered through the company’s websites.

3.21 OBJECTIVE OF THE PROJECT

The object of any business is to earn profit. The main factors affecting the profits of the business is the magnitude of the sales. But the sales cannot be converted into cash immediately. There is a time lag between the sales of goods and realization of cash. Hence there is a need of working capital in the form of current assets to fill up this time lag. Technically, this is called as operating cycle or working capital cycle, which is the heart of the need for working capital.

- To find out the financial position of the company.
- To know the working capital need of the company.
- To know the profitability of the company.
- To study the effect of movement of current assets and current liability of working capital
- To evaluate performances of company.
- To suggest measure for effective management of working capital

3.2.2 SCOPE OF THE STUDY

- This project is vital to me in a significant way.
- It does have some importance for the company too. These are as follows,
- This project will be a learning device for the finance student.
- Through this project I would study the various methods of the working capital management.
- The project will be a learning of planning and financing working capital.

3.3LIMITATIONS OF THE STUDY

- We cannot do comparisons with other companies unless and until we have the data of other companies on the same subject.
- Only the printed data about the company will be available and not the back–end details.
- The latest financial data could not be reported as the company’s websites have not been updated.

Term Explain

Working capital

Management is an art of anticipating and preparing for risk and uncertainties and overcoming obstacles. An essential precondition for of sound and consistent assets management policies covering fixed as well as current assets. In modern financial management, efficient allocation of funds has great scope in finance and profit planning for the most effective utilization of enterprise resources, the fixed and current assets have to be combined in optimum proportions. Working capital is simple terms, is the amount of funds which a company must have to finance its day to day operations finance manager should develop sound techniques of managing current assets.

MEANING & IMPORTANCE OF WORKING CAPITAL:

Working capital may be regarded as lifeblood of Business. Its effective provision can do much to ensure the success of a business, while its inefficient management can lead not only to loss of profits but also to the ultimate downfall of what otherwise considered as a promising concern. Working capital refers to the investment by the company in short term assets such as cash, marketable securities etc. Net current assets or net working capital refers to the current assets less current liabilities.

“Working Capital is the Life-Blood and Controlling Nerve Center of a business”

The working capital management precisely refers to management of current assets. A firm’s working capital consists of its investment in current assets, which include short-term assets such as:
Cash and bank balance,

- Inventories,
- Receivables (including debtors and bills),
- Marketable securities

Meanings:

The following are the some important definitions of working capital:

"Working capital is the difference between the inflow and outflow of funds. In other words it is the net cash flow".Working capital is also defined as, "The excess of current assets over current liabilities and provisions".
By understanding these all definitions we can say that working capital management is concerned with all decisions and act that influence the size and effectiveness of working capital.

According to school of thought working capital is to excess of current assets over current liabilities as designated in the following equation:

Working Capital = Current Assets - Current Liability
Working Capital = Current Assets – Current Liability

There are two major concepts of working capital:

1.Gross working capital

Sum of all current assets i.e cash, account, receivable, inventory, short term investment.

2.Net working capital

Net Working Capital = Total Current Assets - Total Current Liabilities

Whereas Total Current Assets includes

- Cash
- Cash Equivalent
- Account Recievable
- Stock
- Inventory

Whereas Total Current Liabilities includes

- Short Term debt
- Accounts Payable
- Accrued liabilities

Below mentioned are of the ratios that will help us with the needed.

1.Debt Equity Ratio –

It is the ratio which helps us to establish relationship between the owner's funds and external debts. The long-term solvency can be assessed from this ratio. The normal ratio is 2:1. If the ratio is high it indicates too much dependence of creditors and if its low it means the dependence is on internal source and owners fund.

When this ratio is low it indicates too much dependence of creditors and shows that the credit worthiness of the firm is less.

When this ratio is low it indicates that the firm can avail more debts and shows good position of the company.

But at the same time it is beneficial for the company to raise debentures as they are the outside investors and only a fixed interest is payable to them.

FORMULA:

1 Debt equity ratio = $\frac{\boldsymbol{Long\ term\ fund}}{\boldsymbol{Shareholder'sfund'}}$

Calculation for year 2017 – 2018
593963786 / 6245903069 = 0.095:1

Calculation for year 2018 – 2019
251495188 / 4833695913 = 0.052:1

From above it is clear that ratio of 2018is better than 2019as the proportion of debt and Equity here is good and the company is in good position.

2 Proprietary ratio –

It is the primary ratio between proprietor's fund and total assets. When this ratio is high it indicates, there is overcapitalization and resources are not utilized wisely. When its low it indicates the under capitalization. Hence it is important to maintain right amount of capital and to optimally utilize them.This ratio helps us to know the creditworthiness of the firm. When this ratio is high it indicates good long term solvency of the firm.

FORMULA:

Proprietory ratio = Proprietors fund / Total Asset.

Calculation for year 2017 - 2018
6245903069 / 11919068681 = 0.524:1

Calculation for the year 2018 - 2019
4833695913 / 11136187467 = 0.434:1

From the above explanation it is clear that the ratio of 2018 is good as it is high than the ratio of 2019 and indicates better solvency position of the firm.

3.Capital Gearing Ratio –

This ratio is used to express relationship between Equity share capital and fixed interest bearing securities of the company. When this ratio is low it indicates that equity share capital has not paid an adequate return because the profits are swallowed by the high fixed charges in the form of interest and dividend. It has to be planned carefully as it affects company's dividend policy.

FORMULA:

Capital gearing ratio = fixed interest bearing funds / equity share capital.

Calculation for year 2017 – 2018
570000000 / 901825500 = 0.632:1

Calculation for year 2018– 2019
228000000 / 904759270 = 0.252:1

Hence from above we can say that the ratio of 2018 is better as the company has taken funds from outside more as compared to the year 2019.

4.Return on Investment –

Every business has made and is always making investments in order to complete their task and objectives and ultimately earn profit.If we are not able to meet the investment made by us then it's obvious we are going to face loss. This ratio helps us to know the amount of return that we have earned on the amount invested by us. Hence it hold a lot of importance .

FORMULA:

Return on investment= Net profit / Investment

Calculation for year 2017-2018
(448755090) / 545837553 = (0.822)

Calculation for year 2018-2019
(1446916349) / 276531478 = (5.23)

From above calculation it is clear that both the years have incurred loss. But the loss in year 2018 was less than year 2019 and hence 2018 was a better financial year for the firm.

5 Asset to Networth ratio –

This ratio signifies the relationship between the total assets of a firm and its net worth. The ideal ratio is 0.75:1. This ratio has to be near to the ideal ratio as if the ratio is very high it would indicate that too much of funds are available with the company and are not utilised wisely. If the ratio is very low it would indicate that the funds are not sufficient to buy enough fixed assets.

FORMULA :

Asset to net worth ratio = Total Asset / Net Worth

Calculation for year 2017– 2018
11919068681 / 6245903069 = 1.908:1

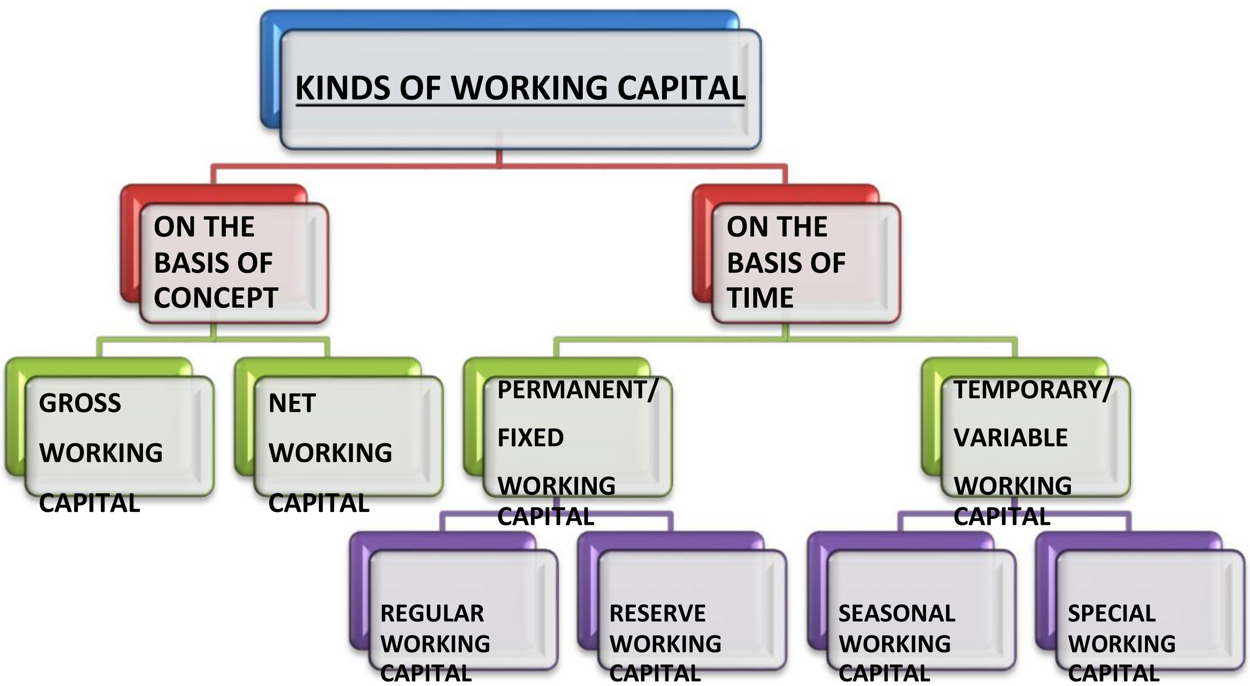
Calculation for year 2018 - 2019
11136187467 / 4833695913 = 2.304:1

From above it is clear that ratio of 2018is better than that of 2019, as ratio of 2019 indicates that too many shareholders and funds are available which are not required .

CLASSIFICATION OF WORKING CAPITAL

Working capital can be classified as follows:

- On the basis of concept
- On the basis of time



Types of Working Capital Needs

Another important aspect of working capital management is to analyze the total working capital needs of the firm in order to find out the permanent and temporary working capital. Working capital is required because of existence of operating cycle. The lengthier the operating cycle, greater would be the need for working capital. The operating cycle is a continuous process and therefore, the working capital is needed constantly and regularly. However, the magnitude and quantum of working capital required will not be same all the times, rather it will fluctuate.

The need for current assets tends to shift over time. Some of these changes reflect permanent changes in the firm as is the case when the inventory and receivables increases as the firm grows and the sales become higher and higher. Other changes are seasonal, as is the case with increased inventory required for a particular festival season. Still others are random reflecting the uncertainty associated with growth in sales due to firm's specific or general economic factors.

1 Gross working capital

It refers to firm's investment in current assets. Current assets are the assets, which can be converted into cash with in a financial year. The gross working capital points to the need of arranging funds to finance current assets.

2 Net working capital

It refers to the difference between current assets and current liabilities. Net working capital can be positive or negative. A positive net working capital will arise when current assets exceed current liabilities. And vice-versa for negative net working capital. Net working capital is a qualitative concept. It indicates the liquidity position of the firm and suggests the extent to which working capital needs may be financed by permanent sources of funds. Net working capital also covers the question of judicious mix of long-term and short-term funds for financing current assets.

3 Permanent working capital

There is always a minimum level of working capital, which is continuously required by a firm in order to maintain its activities. Every firm must have a minimum of cash, stock and other current assets, this minimum level of current assets, which must be maintained by any firm all the times, is known as permanent working capital for that firm. This amount of working capital is constantly and regularly required in the same way as fixed assets are required. So, it may also be called fixed working capital.

4 Temporary working capital

Any amount over and above the permanent level of working capital is temporary, fluctuating or variable working capital. The position of the required working capital is needed to meet fluctuations in demand consequent upon changes in production and sales as a result of seasonal changes.

The permanent level is constant while the temporary working capital is fluctuating increasing and decreasing in accordance with seasonal demands as shown in the figure.

In the case of an expanding firm, the permanent working capital line may not be horizontal. This is because the demand for permanent current assets might be increasing (or decreasing) to support a rising level of activity. In that case line would be rising.

Fluctuation in Assets

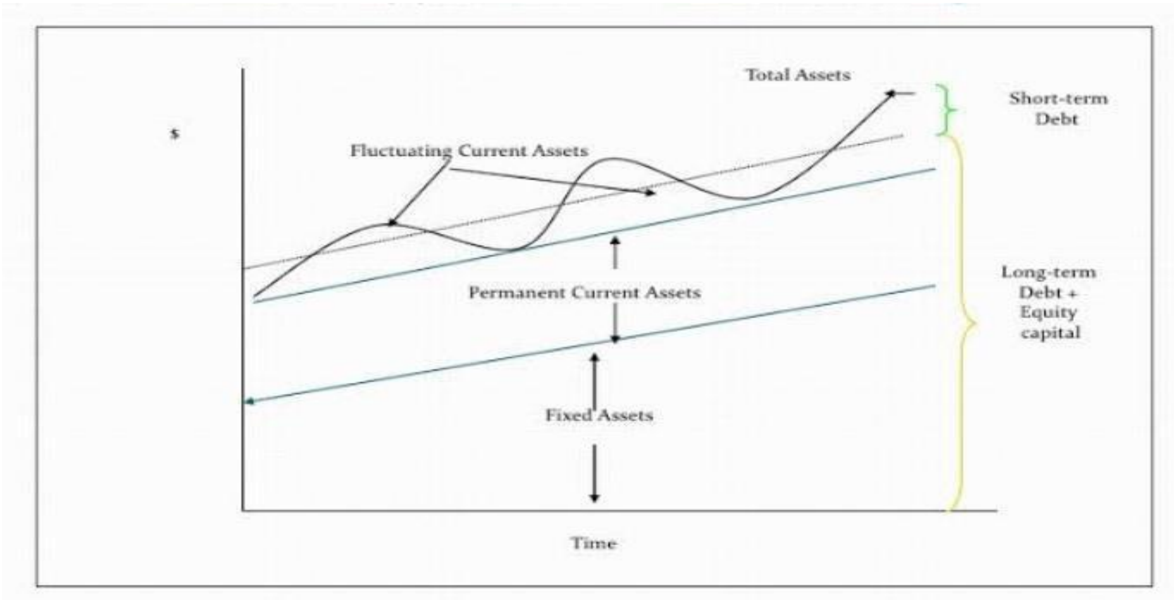


Figure-

A temporary current assets is sudden increase in the account receivable and inventory due to sudden increase in sale , such as with a fluctuating assets

Working capital management

Decisions relating to working capital and short term financing are referred to as working capital management. These involve managing the relationship between a firm's short-term assets and its short-term liabilities. The goal of working capital management is to ensure that the firm is able to continue its operations and that it has sufficient cash flow to satisfy both maturing short-term debt and upcoming operational expenses.

A popular measure of working capital management is the cash conversion cycle, that is, the time span between the expenditure for the purchases of raw materials and the collection of sales of finished goods for example, found that the longer the time lag, the larger the investment in working capital. A long cash conversion cycle might increase profitability because it leads to higher sales. However, corporate profitability might decrease with the cash conversion cycle, if the costs of higher investment in working capital rise faster than the benefits of holding more inventories and/or granting more trade credit to customers.

For many manufacturing firms the current assets account for over half of their total assets. The management of working capital may have both negative and positive impact of the firm's profitability, which in turn, has negative and positive impact on the shareholders‟ wealth. The present study seeks to explore in detail these effects. Firms may have an optimal level of working capital that maximizes their value. Large inventory and generous trade credit policy may lead to high sales. The larger inventory also reduces the risk of a stock-out. Trade credit may stimulate sales because it allows a firm to access product quality before paying . Another component of working capital is accounts payables. It is believed that delaying payment of accounts payable to suppliers allows firms to access the quality of bough products and can be expensive if a firm is offered a discount for the early payment. By the same token, uncollected accounts receivables can lead to cash inflow problems for the firm.

By definition, working capital management entails short term decisions - generally, relating to the next one year period - which is "reversible". These decisions are therefore not taken on 3 the same basis as capital investment decisions (NPV or releted as above) rather they will be based on cash flows and or profitability.

One measure of cash flow is provided by the cash conversion cycle - the net number of days from the outlay of cash for raw material to receiving payment from the customer. As a management tool, this metric makes explicit the inter-relatedness of decisions relating to inventories, accounts receivable and payable, and cash. Because this number effectively corresponds to the time that the firm's cash is tied up in operations and unavailable for other activities, management generally aims at a low net count.

In this context, the most useful measure of profitability is Return on capital (ROC). The result is shown as a percentage, determined by dividing relevant income for the 12 months by capital employed; Return on equity (ROE) shows this result for the firm's shareholders. Firm value is enhanced when, and if, the return on capital, which results from working capital management, exceeds the cost of capital, which results from capital investment decisions as above. ROC measures are therefore useful as a management tool, in that they link short-term policy with long-term decision making. See Economic value added (EVA).

Credit policy of the firm

Another factor affecting working capital management is credit policy of the firm. It includes buying of raw material and selling of finished goods either in cash or on credit. This affects the cash conversion cycle.

Management of working capital

Guided by the above criteria, management will use a combination of policies and techniques for the management of working capital. The policies aim at managing the current assets (generally cash and cash equivalents, inventories and debtors) and the short term financing, such that cash flows and returns are acceptable.

- **Cash management.**

Identify the cash balance which allows for the business to meet day to day expenses, but reduces cash holding costs.

- **Inventory management.**

Identify the level of inventory which allows for uninterrupted production but reduces the investment in raw materials - and minimizes reordering costs - and hence increases cash flow. Besides this, the lead times in production should be lowered to reduce Work in Process (WIP) and similarly, the Finished Goods should be kept on as low level as possible to avoid over production - see Supply chain management; Just In Time (JIT); Economic order quantity (EOQ); Economic quantity 4.

- **Debtors management.**

Identify the appropriate credit policy, i.e. credit terms which will attract customers, such that any impact on cash flows and the cash conversion cycle will be offset by increased revenue and hence Return on Capital (or vice versa); see Discounts and allowances.

- **Short term financing**

Identify the appropriate source of financing, given the cash conversion cycle: the inventory is ideally financed by credit granted by the supplier; however, it may be necessary to utilize a bank loan (or overdraft), or to "convert debtors to cash" through.

FACTORS DETERMINING THE WORKING CAPITAL REQUIREMENTS

1.NATURE OF BUSINESS:
The requirements of working is very limited in public utility undertakings such as electricity, water supply and railways because they offer cash sale only and supply services not products, and no funds are tied up in inventories and receivables. On the other hand the trading and financial firms requires less investment in fixed assets but have to invest large amt. of working capital along with fixed investments.

2.SIZE OF THE BUSINESS:
Greater the size of the business, greater is the requirement of working capital.

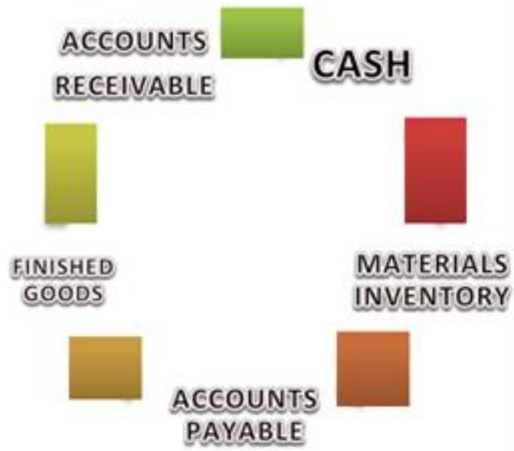
3.PRODUCTION POLICY:
If the policy is to keep production steady by accumulating inventories it will require higher working capital.

4.LENGTH OF PRDUCTION CYCLE:
The longer the manufacturing time the raw material and other supplies have to be carried for a longer in the process with progressive increment of labor and service costs before the final product is obtained. So working capital is directly proportional to the length of the manufacturing process.

5.SEASONAL VARIATIONS:
Generally, during the busy season, a firm requires larger working capital than in slack season.

6.WORKING CAPITAL CYCLE:
Working Capital cycle determines the requirements of working capital. Longer the cycle larger is the requirement of working capital.

WORKING CAPITAL CYCLE



7.RATE OF STOCK TURNOVER:
There is an inverse co-relationship between working capital management and the velocity or speed with which the sales are affected. A firm having a high rate of stock turnover will needs lower amt. of working capital as compared to a firm having a low rate of turnover.

8.CREDIT POLICY:
A concern that purchases its requirements on credit and sales its product / services on cash requires lesser amt. of working capital and vice-versa.

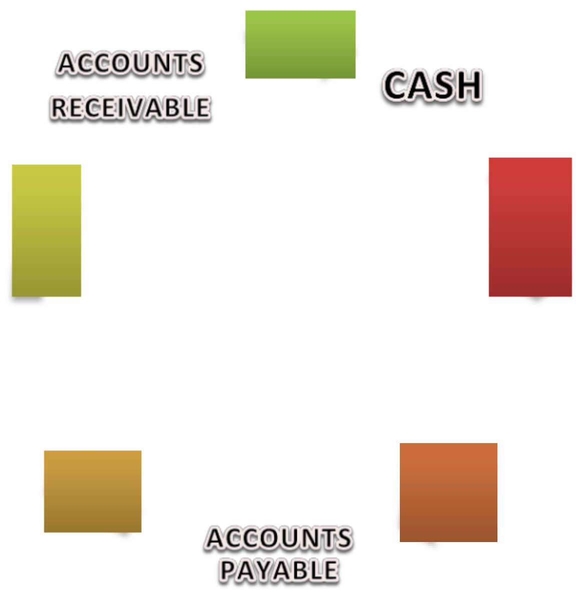
9.BUSINESS CYCLE:
In period of boom, when the business is prosperous, there is need for larger amt. of working capital due to rise in sales, rise in prices, optimistic expansion of business, etc. On the contrary in time of depression, the business contracts, sales decline, difficulties are faced in collection from debtor and the firm may have a large amt. of working capital.

10.RATE OF GROWTH OF BUSINESS:
In faster growing concern, we shall require large amt. of working capital.

ANALYSIS OF WORKING CAPITAL CYCLE

The firm starts the cycle by purchasing raw materials, but it does not pay for them immediately. This delay is the accounts payable period. The firm processes the raw material and then sells the finished goods. The delay between the initial investment in inventories and the sale date is the inventory period. Some time after the firm has sold the goods its customers pay their bills. The delay between the date of sale and the date at which the firm is paid is the accounts receivable period. Working capital cycle, also known as the asset conversion cycle, operating cycle, cash conversion cycle or just cash cycle, is used in the financial analysis of a business. The higher the number, the longer a firm's money is tied up in business operations and unavailable for other activities such as investing.

CASH CONVERSION CYCLE



Cash Conversion

Cycle = Average

Stockholding Period (in days) + Average Receivables

Processing Period (in days) - Average Payables Processing Period (in days) with:

Average Stockholding Period (in days) = Closing Stock / Average Daily Purchases

Average Receivables Processing Period (in days) = Accounts Receivable / Average

Average Payable Processing Period (in days) = Accounts Payable / Average Daily

A short cash conversion cycle indicates good working capital management. Conversely, a long cash conversion cycle suggests that capital is tied up while the business waits for customers to pay. The longer the production process, the more cash the firm must keep tied up in inventories. Similarly, the longer it takes customers to pay their bills, the higher the value of accounts receivable.

On the other hand, if a firm can delay paying for its own materials, it may reduce the amount of cash it needs. In other words, accounts payable reduce net working capital.

SOURCES OF WORKING CAPITAL

TOYOTA MOTORS has the following sources available for the fulfillment of its working capital requirements in order to carry on its operations smoothly:

Banks:

These include the following banks –

- State Bank of India
- HDFC Bank Ltd.
- ICICI Bank Ltd.
- SOCIETE GENERALE

Commercial Papers:

Commercial Papers have become an important tool for financing working capital requirements of a company.

Commercial Paper is an unsecured promissory note issued by the company to raise short-term funds. The buyers of the commercial paper include banks, insurance companies, unit trusts, and companies with surplus funds to invest for a short period with minimum risk.

Financing Current Assets

The firm has to decide about the sources of funds, which can be availed to make investment in current assets.

Long term financing:

It includes ordinary share capital, preference share capital, debentures, long term borrowings from financial institutions and reserves and surplus.

Short term financing:

It is for a period less than one year and includes working capital funds from banks, public deposits, commercial paper etc.

Spontaneous financing:

It refers to automatic sources of short-term funds arising in normal course of business. There is no explicit cost associated with it. For example, Trade Credit and Outstanding Expenses etc.

Depending on the mix of short and long term financing, the company can follow any of the following approaches.

Matching Approach

In this, the firm follows a financial plan, which matches the expected life of assets with the expected life of source of funds raised to finance assets. When the firm follows this approach, long term financing will be used to finance fixed assets and permanent current assets and short term financing to finance temporary or variable current assets.

Conservative Approach

In this, the firm finances its permanent assets and also a part of temporary current assets with long term financing. In the periods when the firm has no need for temporary current assets, the long-term funds can be invested in tradable securities to conserve liquidity. In this the firm has less risk of facing the problem of shortage of funds.

Aggressive Approach

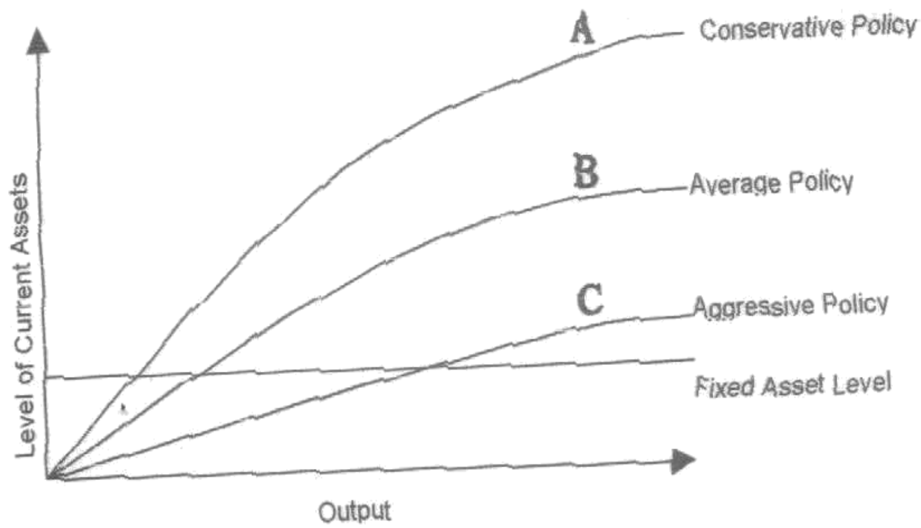
In this, the firm uses more short term financing than warranted by the matching plan. Under an aggressive plan, the firm finances a part of its current assets with short term financing.

Relatively more use of short term financing makes the firm more risky

Current asset to fixed asset ratio:

The financial manager should determine the optimum level of current assets so that the wealth of shareholders is maximized. A firm needs fixed and current assets to support a particular level of output

The level of current assets can be measured by relating current assets. Dividing current assets by fixed assets gives CA/FA ratio. Assuming a constant level of fixed assets, a higher CA/FA ratio indicates a conservative current assets policy and a lower CA/FA ratio means an aggressive current assets policy assuming other factors to be constant. A conservative policy



i.e. higher CA/FA ratio implies greater liquidity and lower risk; while an aggressive policy i.e. lower CA/FA ratio indicates higher risk and poor liquidity. The current assets policy of the most firms may fall between these two extreme policies. The alternative current assets policies may be shown with the help of the following figure.

In this figure the most conservative policy is indicated by alternative A, where as CA/FA ratio is greatest at every level of output. Alternative C is the most aggressive policy, as CA/FA ratio is lowest at all levels of output. Alternative B lies between the conservative and aggressive policies and is an average policy.

CHAPTER 4

DATA ANALYSIS AND INTERPRETION

4.1CALCULATIONS OF RATIOS:

1. **CURRENT RATIO:**

It is relationship between firm's current assets and current liability.

Formula:

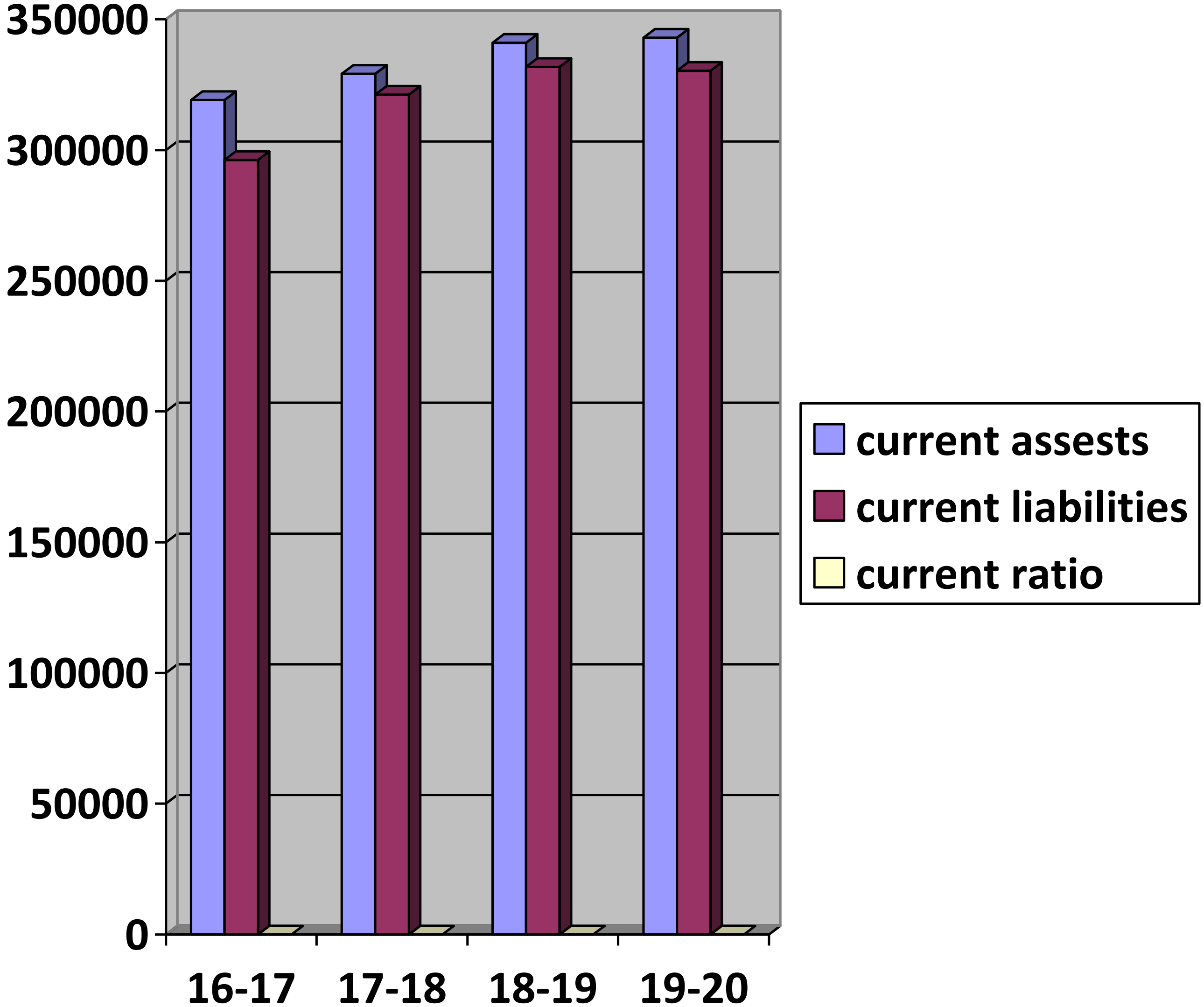
Current assets ÷ Current Liabilities

STATEMENT SHOWING CURRENT RATIO

CHART :-4.1.1

YEAR	2016-2017	2017-2018	2018-2019	2019-2020
CURRENT ASSETS	319180	329112	341037	343011
CURRENT LIABILITIES	296158	321199	331814	330267
CURRENT RATIO	1.02	1.02	1.027	1.04

GRAPH:-4.1.1



INTERPRETATION :-

It is seen from the above chart that during the year 2016-17 the current ratio was 1.02, during the year 20117-18 it was almost same 1.02 and in the year 2018-19 it was 1.027 . This shows the current ratio increases every.In the year 2019-20 the current ratio has increases 1.04.. Hence it can be said that there is enough current assets in TOTOYA MOTORS to meet its current liabilities.While ratios vary by industry and circumstances, healthy companies generally have ratios between 1.5 and 3.The company may be inefficiently using its current assets or short-term financing facilities.

DATA -4.2

NET WORKING CAPITAL = CURRENT ASSETS-CURRENT LIABILITIES

CHART-4.2

YEARS	CURRENT ASSETS	CURRENT LIABILITIES	NWC
2016-2017	319180.98	296159.11	23021.87
2017-18	329112.92	321199.61	7913.31
2018-19	341038.3	331814.56	9223.74
2019-20	343011.82	330268.43	12743.39

INTERPRETATION

The above chart shows that during the year 2019-20 the company has 12743.39B N.W.C

In the year 2018-19 huge decrease in the N.W.C is 9223.74

In the year 2017-18 the company has 7913.31N.W.C

In the year 2016-17 the company has N.W.C7 23021.87

The N.W.C of the company is increasing compared to the previous years, in the year 2019-20 the company has 12743.39B N.W.C this means the company in a positive position & N.W.C has improved vary fast as compared to the previous years which show liquidity Position of the Toyota motors has always more & sufficient working capital available to pay off its current liabilities.

DATA:

$$\textbf{WORKING CAPITAL TURNOVER RATIO} = \frac{\textbf{NET SALES}}{\textbf{NET WORKING CAPITAL}}$$

year	**Net sales**	**Net working capital**	**WCTR**
2016-17	56000.3	23021.87	2.43 Times
2017-18	56976.7	7913.31	7.20Times
2018-19	59605.1	9223.74	6.46Times
2019-20	60155.59	12743.39	7.72Times

INTERPRETATION :-

The working capital t/o ratio is fluctuating year to year that was high in the year 2017-18, 7.20 times;
there was a subsequent decrease in the year 2016-17 and 2018-19 to 2.43 and 6.46times.
But it increases in the year 2019-29and 7.72 times respectively. This shows the company is utilizing working capital effectively.

Raw Material

Particulars	2018	2019
Raw Material Consumption	682.05	592.92
Raw Material Consumption/day	1.86	1.62
Raw Material Inventory	184.53	340.08
Raw Material Holding Days	99.20	209.92

Table-4.1

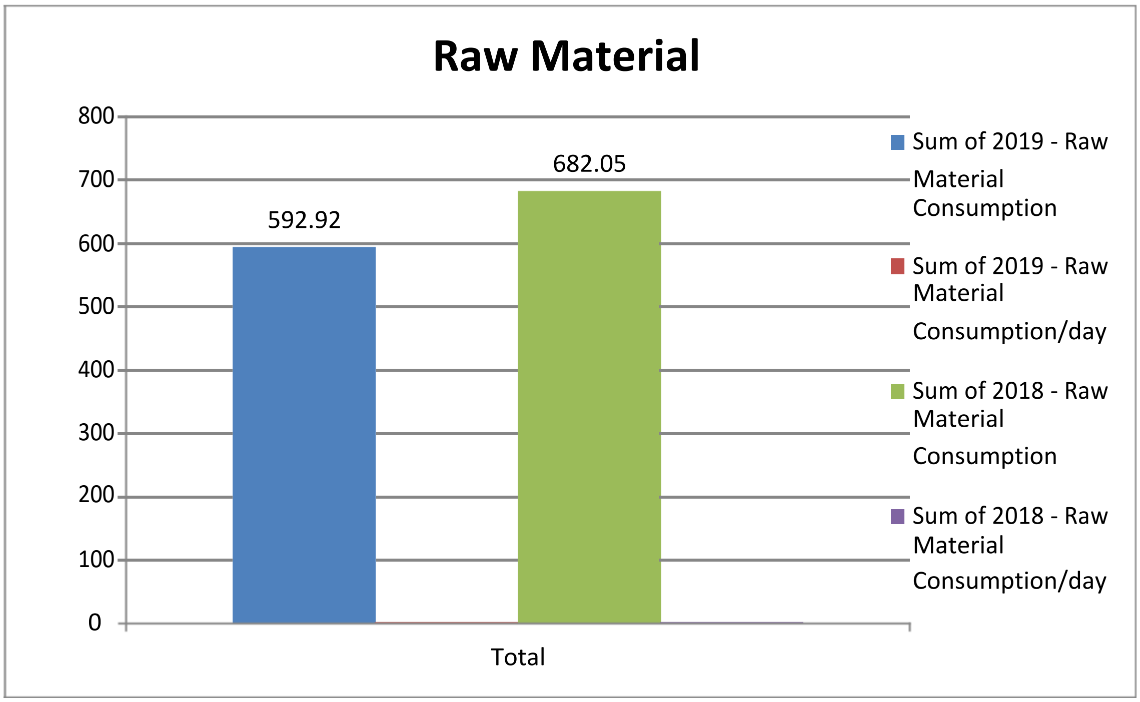


Figure-4.1

INTERPRETATION :

The raw material conversion period or the raw material holding cost has increased from 40 to 100 days, because in e an increase in its consumption. This indicates that the firm is able to convert the raw material at its disposal to the work-in-progress at a lesser time as compared to the last year. It would be to the benefit of the firm to reduce the production process and increase the conversion rate still as the firm is required to meet the increasing demand

52

Work-in-progress

Particulars	2018	2019
Cost of Production	159651.19	113500.33
Cost of Production/day	437.4	310.95
Work in progress inventory	827.52	679.455
WIP Holding days	1.89	2.19

Table-4.2

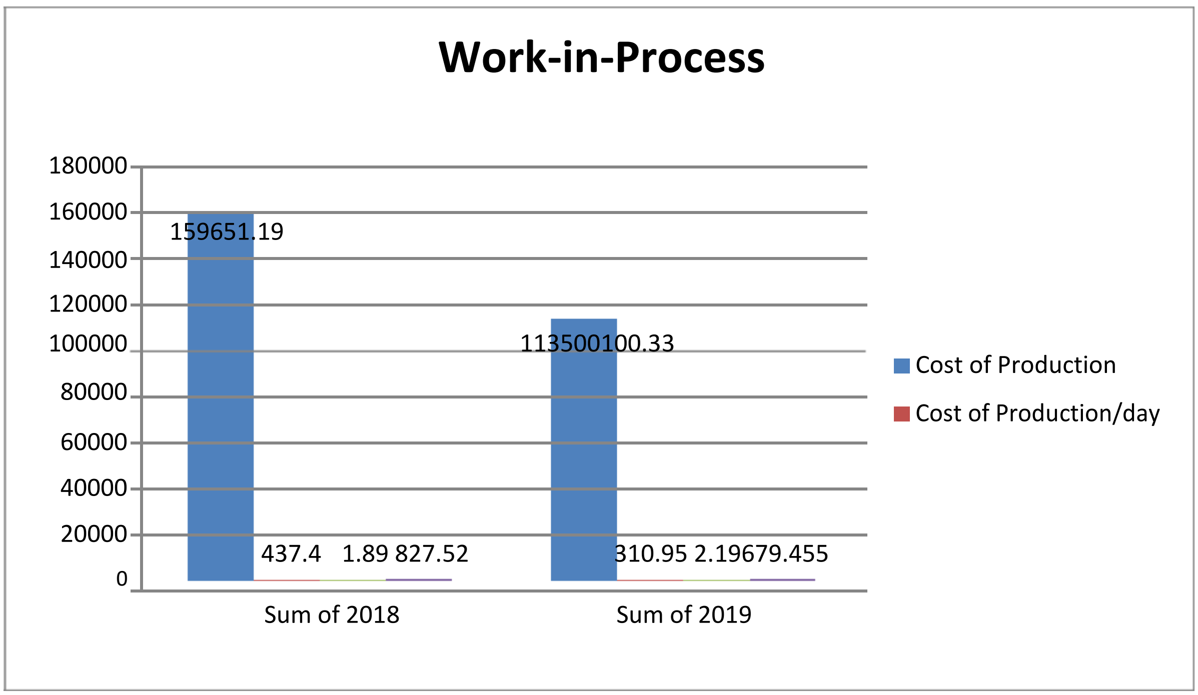


Figure-4.2

INTERPRETATION :

The work-in-progress holding time is important for a firm in the sense that it determines the rate of time at which the production process will be complete or the finished goods will be ready for disposal by the firm. The firm as it is in the process of assembling should take the least possible time in conversion to finished goods unlike a hard core manufacturing firm, as any firm would like to have its inventory in the work-in-progress at the minimum. There would also be less of stock out costs as due to better conversion rates the firm is able to meet the rise in demand situations. More the time it spends lesser its efficiency would be in the market. Here the firm has been able to bring down its WIP conversion periods.

Finished Goods

Particulars	2018	2019
Cost of goods sold	228177	178438.85
Cost of goods sold/day	625	488.87
Finished goods inventory	10310	6875.725

Chart-4.3

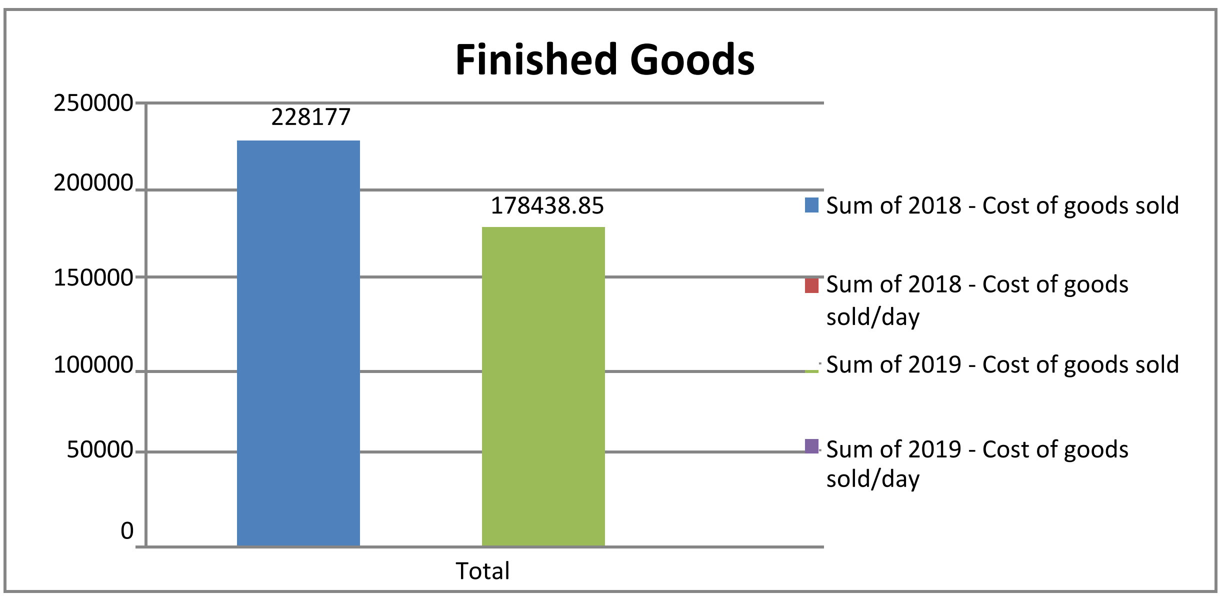


Figure-4.3

INTERPRETATION :

The time taken for the firm to realize its finished goods as sales has increased as compared to last year. This growth in sales could be traced back to the growing domestic IT market for the commercial as consumer segment in India. TOYOTA MOTORS has around 15% of the market in desktop and it is the market leader in this segment. So it is only natural that they are able to better their conversion rate of finished goods to sales.

Operating Cycle

Particulars	2018	2019
Inventory conversion period	42	45
Average collection period	63	66
Gross operating cycle	105	111
Average payment period	23	17
Operating cycle	82	94

The operating cycle of the firm reveals the days within which the inventory procured gets converted to sales or revenue for the firm. This time period is of importance to the firm as a lag here could significantly affect the profitability, liquidity, credit terms, and the policies of the firm. All the firms would like to reduce it to such extend that their cash inflows are timely enough to meet their obligations and support the operations. That the firm has been able to reduce the ratio is in itself an achievement as they were having huge stocks of inventory. But the reduction in the cycle could also be attributed to the boom in the market and the growth it is expected to reach. This boom automatically ensures the demand for the finished goods and thus helping in it to garner sales for the firm.

CHAPTER 5
FINDINGS

Findings :-

1. It is founded in the project that the net working capital was continuously increased.
2. It is founded in the project that the gross profit was similar in last two years.
3. It is founded in the project that the proportion of debt and equity is good and the company is in good condition.
4. It is founded that the proprietary ratio of 2018 is better as the company has taken funds from outside more as compare to the year 2019.
5. It is founded that the loss in the year 2018was less the year 2019 and hence the 2018 was better financial year for the firm.
6. It is founded in the project that the Asset to Net worth ratio of 2019 indicates that to many share holder fund are available which are not required.

CHAPTER 6

CONCLUSION

CONCLUSION

- The working capital position of the company is sound and the various sources through which it is funded are optimal.
- The debts doubtful have been doubled over the years but their percentage on the debts has almost become half. This implies a sales and collection policy that get along with the receivables management of the firm.
- The returns have been affected by a marked growth in working capital and though a 29.75% in 2019 return on investment is good, but it got reduced as compared to 39.01% return in 2018. The various ratios calculated are an indicator as to the fact that the profitability of the firm and sales are on a rise and also the deletion of the inefficiencies in the working capital management.
- The firm has not compromised on profitability despite the high liquidity is commendable.

- One of the best ways to judge a company's cash flow health is to take a deep look on its working capital management. The better a company can manage its working capital the lower company's need of borrowing

- Working capital management of TOYOTA MOTORS is highly effective. The project is very much profitable. There is available internal source of fund due to satisfactory amount of period during the period under study. They have no difficulties in management of inventory, debtors, cash balances and current liabilities.

- The liquidity position of the company is also very much satisfactory due to good turnover of current assets, inventory debtors and cash balances. The company enjoys good facility of cash credit and other working capital loan though the borrowing amount of the company is very low. There is no difficulty in repayment of current liabilities out of the operating profit. Working Capital Management of TOYOTA MOTORS has been doing very important to the company.

- It has lots of challenges as competition increases in the market and also has lots of scope of developing in several areas. If challenges can be faced technically by maintaining continuous support then the credit management practice of this company can be more effective to the overall development of the company.

CHAPTER 7

SUGGESTIONS AND RECOMMENDATIONS

SUGGESTIONS AND RECOMMENDATIONS :-

The management of working capital plays a vital role in running of a successful business. So, things should go with a proper understanding for managing cash, receivables and inventory.

TOYOTA MOTORS is managing its working capital in a good manner, but still there is some scope for improvement in its management. This can help the company in raising its profit level by making less investment in accounts receivables and stocks etc. This will ultimately improve the efficiency of its operations. Following are few recommendations given to the company in achieving its desired objectives:

The business runs successfully with adequate amount of the working capital but the company should see to it that the cash should not be tied up in excessive amount of working capital.

Though the present collection system is near perfect, the company as due to the increasing sales should adopt more effective measures so as to counter the threat of bad debts.

The over purchasing function should be avoided as it could lead to liquidity problems.

The investment of cash in marketable securities should be increased, as it is very profitable for the company.

Holding of excessive and insufficient stock must be avoided as it creates a burden on the cash resources of a business and results in lost sales, delays for customers, etc respectively.

CHAPTER 8
BIBLIOGRAPHY

BIBLIOGRAPHY

Following sources have been sought for the preparation of this report:

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- https://www.toyota.in
- https://www.investopedia.com/terms/w/workingcapitalmanagement.asp
- Textbooks on financial management -
- C. R. Kothari
- I.M.Pandey
- Khan and Jain

CHAPTER 9

ANNEXURE

year	2020	2019	2018	2017	2016
Cash & Short Term Investments	**5,697,469**	**5,828,216**	**5,721,873**	**5,899,327**	**5,482,851**
Cash Only	**4,190,518**	**3,574,704**	**3,052,269**	**2,995,075**	**2,939,428**
	1,506,951	**2,253,512**	**2,669,604**	**2,904,252**	**2,543,423**
Total Accounts Receivable	**9,273,919**	**9,588,661**	**9,057,206**	**8,749,454**	**8,364,239**
Other Receivables	**564,854**	**568,156**	**489,338**	**436,867**	**451,406**
Inventories	**2,434,918**	**2,656,396**	**2,539,789**	**2,388,617**	**2,061,511**
Finished Goods	**1,517,173**	**1,746,159**	**1,683,694**	**1,552,823**	**1,323,477**
Work in Progress	**315,139**	**324,921**	**304,929**	**309,387**	**265,570**
Raw Materials	**485,069**	**475,504**	**435,360**	**413,049**	**367,079**
Progress Payments & Other	**117,537**	**109,812**	**115,806**	**113,358**	**105,385**
Other Current Assets	**1,236,225**	**805,964**	**833,788**	**796,297**	**2,300,952**
Total Current Assets	**18,642,531**	**18,879,237**	**18,152,656**	**17,833,695**	**18,209,553**
Net Property, Plant & Equipment	**10,601,525**	**10,685,494**	**10,267,673**	**10,197,109**	**9,740,417**
Property, Plant & Equipment - Gross	**24, 457,088**	**24,836,784**	**24,043,989**	**23,649,094**	**22,776,641**
Buildings	**4,730,783**	**4,802,175**	**4,659,753**	**4,470,996**	**4,293,484**
Land & Improvements	**1,346,988**	**1,386,308**	**1,404,611**	**1,379,991**	**1,352,904**
Machinery & Equipment	**11,939,121**	**11,857,425**	**11,535,381**	**11,357,340**	**10,916,180**
Construction in Progress	**510,963**	**651,713**	**509,851**	**474,188**	**513,953**
Long-Term Note Receivable	**10,445,342**	**10,302,801**	**9,504,180**	**9,037,409**	**8,675,945**
Other Assets	**1,164,149**	**773,896**	**727,380**	**652,421**	**589,724**
Deferred Charges	**142,657**	**197,243**	**272,953**	**221,944**	**123,721**
Tangible Other Assets	**1,021,492**	**576,653**	**454,427**	**430,477**	**466,003**

Total Assets	**52,680,436**	**51,936,949**	**50,308,249**	**48,750,186**	**47,427,597**

FINANCIAL REPORT

All values JPY Millions.	2020	2019	2018	2017	2016
ST Debt & Current Portion LT Debt	9,899,207	9,599,233	9,341,190	9,244,131	8,521,088
Short Term Debt	5,325,162	5,344,973	5,154,913	4,953,682	4,698,134
Current Portion of Long Term Debt	4,574,045	4,254,260	4,186,277	4,290,449	3,822,954
Accounts Payable	2,434,180	2,645,984	2,586,657	2,566,382	2,389,515
Income Tax Payable	218,117	320,998	462,327	223,574	371,485
Other Current Liabilities	5,350,873	5,660,723	5,406,717	5,284,878	4,842,368
Miscellaneous Current Liabilities	5,350,873	5,660,723	5,406,717	5,284,878	4,842,368
Total Current Liabilities	17,902,377	18,226,938	17,796,891	17,318,965	16,124,456
Current Ratio	1.04	1.04	1.02	1.03	1.13
Quick Ratio	0.91	0.89	0.88	0.89	1.00
Cash Ratio	0.32	0.32	0.32	0.34	0.34
Long-Term Debt	10,934,717	10,550,945	10,006,374	9,911,596	9,772,065
Other Liabilities	579,696	615,599	533,561	521,876	491,890
Total Liabilities	31,438,585	31,371,739	30,386,173	30,081,233	29,339,411
Total Liabilities / Total Assets	59.68%	60.40%	60.40%	61.70%	61.86%
Total Shareholders' Equity	20,564,787	19,846,225	19,227,956	18,000,689	17,226,714
Total Shareholders' Equity / Total	39.04%	38.21%	38.22%	36.92%	36.32%

Assets					
Total Equity	21,241,851	20,565,210	19,922,076	18,668,953	18,088,186

CHAPTER 10
EXECUTIVE SUMMARY

1. TOYOTA CORPORATE OVERVIEW:

Founded in 1937, Toyota Motor Corporation is a Japanese company that engages in the design, manufacture, assembly, and sale of passenger cars, minivans, commercial vehicles, and related parts and accessories primarily in Japan, North America, Europe, and Asia. Current brands include Toyota, Lexus, Daihatsu and Hino. Toyota Motor Corporation is the leading auto manufacturer and the eighth largest company in the world. As of March 31, 2019, Toyota Motor Corporation's annual revenue was $213 billion and it employed 333,498 people.

2 .EXTERNAL ENVIROMENT OF AUTOMOTIVE INDUSTRY:

2.1.Industry Overview and Analysis

Toyota Motor Corporation competes in the automotive industry. The past five years were tumultuous for automobile manufacturers. Skyrocketing fuel prices and growing environmental concerns have shifted consumers' preferences away from fuel-guzzling pickup trucks to smaller, more fuel-efficient cars. Some automakers embraced the change by expanding their small-car portfolios and diversifying into the production of hybrid electric motor vehicles. Other automakers were more reluctant to shift their focus from big to small cars, expecting the price of fuel to contract eventually, bringing consumers back to the big-car fold. When fuel prices did fall during the second half of 2008, it was due to the US financial crisis ripping through the global economy. This had a domino effect throughout the developed and emerging worlds, with many Western nations following the United States into recession. Industry revenue fell about 15.4% in 2009. 2 Pent-up demands will aid industry revenue growth, estimated at 2.1% in 2013, thus bringing overall revenue to an estimated $2.3 trillion. 3 Overall, the large declines followed by recovery are expected to lend the industry average growth of 2.2% per year during the five years to 2013. Throughout the past five years, growth in the BRIC countries supported production. Rising income in these countries led to an increase in the demand for motor vehicles. Also, Western automakers moved production facilities to BRIC countries to tap into these markets and benefit from low-cost production. Over the next five years, the emerging economies will continue their growth, and demand for motor vehicles in the Western world will recover. Industry revenue is forecast to grow an annualized 2.5% to total an estimated $2.6 trillion over the five years to 2018.

2.2.Industry Life Cycle

This industry is in the mature stage of its life cycle.

3. INTERNAL ENVIROMENT OF TOYOTA:

3.1.Core Competency

The core competence of Toyota Motor Corporation is its ability to produce automobiles of great quality at best prices, thereby providing a value for money to the customers. This core competence of quality can be attributed to its innovative production practices. The quality aspect of Toyota's products have revolutionized the automobiles in the past and almost all the automobile companies had to try and better the quality of their products. It is a cornerstone of the cost leadership strategy that the company pursues.

3.2.Distinctive Competency

Toyota's distinctive competence is its production system known as the "Toyota Production System" or TPS. TPS is based on the Lean Manufacturing concept. This concept also includes innovative practices like Just in Time, Kaizen, and Six Sigma and so on. Toyota has worked tirelessly over the years to establish this distinctive competence. No other automobile manufacturer can do it as well as Toyota does. This distinct competence has led to a competitive advantage that has given Toyota a sustainable brand name and a market leader position.

<u>vision</u>

To be the most respected and successfulenterprise, delighting customers with a widerange of products and solutions in theautomobile industry with the best people and thebest technology.

Toyota Motor Corporation (Japanes Hepburn: Toyota Jidōsha KK, IPA: [toꜜjota], English, commonly called Toyota, is a Japanese multinational automotive manufacturer founded in 1937 and headquartered in Toyota, Aichi, Japan. In 2017, Toyota's corporate structure consisted of 364,445 employees worldwideand, as of December 2019, was the tenth-largest company in the world by revenue. Toyota is the largest automobile manufacturer in Japan, and the second-largest in the world behind Volkswagen, based on 2018 unit sales. Toyota was the world's first automobile manufacturer to produce more than 10 million vehicles per year, which it has done since 2012, when it also reported the production of its 200 millionth vehicle. As of July 2014, Toyota was the largest listed company in Japan by market capitalization (worth more than twice as much as number 2-ranked SoftBank and by revenue.

Toyota is the global market leader in sales of hybrid electric vehicles, and one of the largest companies to encourage the mass-market adoption of hybrid vehicles across the globe. Toyota is also a market leader in hydrogen fuel-cell vehicles. Cumulative global sales of Toyota and Lexus hybrid passenger car models achieved the 15 million milestone in January 2020. Its Prius family is the world's top-selling hybrid nameplate with over 6 million units sold worldwide as of

January 2017.The company was founded by Kiichiro Toyoda in 1937, as a spinoff from his father's company Toyota Industries, to manufacture automobiles. Three years earlier, in 1934, while still a department of Toyota Industries, it developed its first product, the Type A engine, and its first passenger car in 1936, the Toyota AA. Toyota Motor Corporation produces vehicles under five brands, including the Toyota brand, Hino, Lexus, Ranz, and Daihatsu. It also holds a 20.02% stakein Subaru Corporation, a 5.9% stake in Isuzu until 2018, a 5.1% stake in Mazda, a 4.9% stake in Suzuki, as well as joint-ventures with two in China (GAC Toyota and Sichuan FAW Toyota Motor), one in India (Toyota Kirloskar), one in the Czech Republic (TPCA), along with several "nonautomotive" companies.TMC is part of the Toyota Group, one of the largest conglomerates in Japan.

Name-Toyota Jidōsha kabushiki gaisha
Industry-Automotive
Founded-August 28, 1937; 83 years ago
Founder-Kiichiro Toyoda
Headquarters-Toyota City, Japan

Area servedWorldwide Key people- Takeshi Uchiyamada (Chairman)
Shigeru Hayakawa (Vice chairman)
Akio Toyoda (President)
Mitsuru Kawai (COO & CHRO)

Products - Automobiles, luxury vehicles, commercial vehicles, engines

Production output **Increase** - 10,725,214 (CY2019)
Decrease -10,398,182 (FY2020)
Services - Banking, financing, leasing
Revenue Decrease - ¥29,929,992 million
Increase -US$275.4 billion (FY2020
Operating incomeDecrease - ¥2,442,869 million (FY2020
Net income Increase -¥2,142,329 million (FY2020
Total assets Increase - ¥52,680,436 million
Increase US$492.7 billion (FY2020)
Total equity Increase ¥20,737,682 million (FY2020)[2]
Number of employees Decrease 359,542 (FY2020)[2]
ParentToyota Group Divisions -------

- Toyota
- Lexus Hino
- Daihatsu
- Ranz

- Scion (defunct)
- TRD
- Gazoo Racing